

approving the Reorganization and the Agreement. These expenses include professional fees and the cost of soliciting proxies for the meeting of the Acquired Fund's shareholders, consisting principally of printing and mailing expenses, together with the cost of any supplementary solicitation.

11. On January 13, 1997, the Acquiring Fund filed with the SEC its registration statement on Form N-14, containing a preliminary combined prospectus/proxy statement. Applicants sent the prospectus/proxy statement to shareholders of the Acquired Fund on or about March 5, 1997 for their approval at a special meeting of shareholders scheduled for April 7, 1997.

12. Notwithstanding approval of the Reorganization Agreement by the shareholders of the Acquired Fund, the Closing Date of the Reorganization may be postponed and the Agreement may be terminated prior to the Closing Date by either party because: (a) Its governing board determines that circumstances have developed that make proceeding with the Reorganization inadvisable; (b) a material breach by the other party of any representation, warranty, or agreement contained therein has occurred; or (c) a condition to the obligation of the terminating party cannot be met. (p. 15) Applicants agree not to make any material changes to the Agreement without prior SEC approval.

Applicants' Legal Analysis

1. Section 17(a) of the Act, in relevant part, prohibits an affiliated person of a registered investment company, or any affiliated person of such a person, acting as principal, from knowingly selling any such security or other property to such registered company, or purchasing from such registered company any security or other property.

2. Section 2(a)(3) of the Act defines the term "affiliated person of another person" to include, in pertinent part, any person directly or indirectly owning, controlling, or holding with power to vote, 5% or more of the outstanding voting securities of such other person, and any person directly or indirectly controlling, controlled by, or under common control with such other person, and if such other person is an investment company, any investment adviser thereof.

3. Rule 17a-8 under the Act exempts from the prohibitions of section 17(a) mergers, consolidations, or purchases or sales of substantially all of the assets of registered investment companies that are affiliated persons solely by reason of having a common investment adviser, common directors/trustees, and/or

common officers, provided that certain conditions are satisfied.

4. Applicants believe that they may not rely on rule 17a-8 in connection with the Reorganization because the Acquiring Fund and the Acquired Fund may be affiliated for reasons other than those set forth in the rule. Mellon owns 100% of the outstanding voting securities of Dreyfus and approximately 99% of the outstanding Class R shares of the Acquired Fund, which constitute approximately 7% of the outstanding shares of the Acquired Fund. Because of this ownership, applicants believe that the Acquiring Fund may be deemed an affiliated person of an affiliated person of the Acquired Fund, and vice versa, for reasons not based solely on their common adviser.

5. Section 17(b) of the Act provides that the SEC may exempt a transaction from the provisions of section 17(a) if the terms of the proposed transaction, including the consideration to be paid or received, are reasonable and fair and do not involve overreaching on the part of any person concerned; the proposed transaction is consistent with the policy of each registered investment company concerned; and the proposed transaction is consistent with the general purposes of the Act.

6. Applicants submit that the terms of the Reorganization satisfy the standards set forth in section 17(b), in that the terms are fair and reasonable and do not involve overreaching on the part of any person concerned. Applicants note that each Board, including the non-interested Trustees and Directors, reviewed the terms of the Reorganization as set forth in the Agreement, including the consideration to be paid or received, and found that participation in the Reorganization as contemplated by the Agreement is in the best interests of the Company, the Trust, and each Fund, and that the interests of existing shareholders of each Fund will not be diluted as a result of the Reorganization. Applicants also note that the exchange of the Acquired Fund's assets and liabilities for the shares of the Acquiring Fund will be based on the Funds' relative net asset values.

For the SEC, by the Division of Investment Management, under delegated authority.

Margaret H. McFarland,

Deputy Secretary.

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Sunshine Act Meeting

FEDERAL REGISTER CITATION OF PREVIOUS ANNOUNCEMENT: [62FR 13728, March 21, 1997]

STATUS: CLOSED MEETING.

PLACE: 450 Fifth Street, NW., Washington, DC.

DATE PREVIOUSLY ANNOUNCED: March 21, 1997.

CHANGE IN THE MEETING: Cancellation.

The closed meeting scheduled for Thursday, March 27, 1997, at 10:00 a.m., has been cancelled.

At times, changes in Commission priorities require alterations in the scheduling of meeting items. For further information and to ascertain what, if any, matters have been added, deleted or postponed, please contact: The Office of the Secretary (202) 942-7070.

Dated: March 27, 1997.

Jonathan G. Katz,

Secretary.

[FR Doc. 97-8216 Filed 3-27-97; 2:17 pm]

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Sunshine Act Meetings

Notice is hereby given, pursuant to the provisions of the Government in the Sunshine Act, Pub. L. 94-409, that the Securities and Exchange Commission will hold the following meetings during the week of March 31, 1997.

An open meeting will be held on Thursday, April 3, 1997, at 10:00 a.m. A closed meeting will be held on Thursday, April 3, 1997, following the 10:00 a.m. open meeting.

Commissioners, Counsel to the Commissioners, the Secretary to the Commission, and recording secretaries will attend the closed meeting. Certain staff members who have an interest in the matters may also be present.

The General Counsel of the Commission, or his designee, has certified that, in his opinion, one or more of the exemptions set forth in 5 U.S.C. 552b(c) (4), (8), (9)(A) and (10) and 17 CFR 200.402(a) (4), (8), 9(i) and (10), permit consideration of the scheduled matters at the closed meeting.

Commissioner Wallman, as duty officer, voted to consider the items listed for the closed meeting in a closed session.

The subject matter of the open meeting scheduled for Thursday, April 3, 1997, at 10:00 a.m., will be:

Consideration of whether to adopt rules under the Investment Company Act of 1940 to implement certain provisions of the National Securities Markets Improvement Act of 1996 (the "1996 Act") relating to privately offered investment companies. The